



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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July 20, 2001

[REDACTED]

Dear [REDACTED]:

Commissioner Rossotti asked me to respond to your letter to him dated June 11, 2001. You are a class member who has a residual share in the settlement fund of the [REDACTED]. You are concerned about the tax treatment of distributions received from a settlement fund and want to know the status of negotiations with the IRS.

I am sorry, but neither I nor any other IRS employee can respond to your questions. The confidentiality requirements under section 6103 of the Internal Revenue Code (Code) will not allow me to release this information or even confirm or deny whether any negotiations are underway. This prohibition on releasing the information applies because negotiations, if any, also concern the liabilities of other class members and the settlement fund and would constitute "return information" of those taxpayers.

Returns and return information are confidential. Perhaps a more complete explanation of what constitutes return information under section 6103 will be helpful. Return information includes a taxpayer's identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing, or any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary on a return or even deciding whether a liability exists (or the amount thereof) for any person for any tax. Section 6103(b)(2)(A). Because disclosing whether any negotiations are taking place or the status of such negotiations could indicate a decision that tax liabilities of other class members and the settlement fund may exist, such information would fall within the definition of return information.

I understand your frustration and I am sorry I cannot assist you. I hope the above information will explain why I cannot respond to your questions. If you have further questions about return information, please call Alfred G. Kelley (IRS Identification Number 50-03882) at (202) 622-6040. This is not a toll-free number.

COR-135939-01

Sincerely,

Mary Oppenheimer  
Assistant Chief Counsel  
(Exempt Organizations/Employment  
Tax/Government Entities)  
Office of the Division Counsel/  
Associate Chief Counsel  
(Tax Exempt and Government Entities)